

## **SBA Low-Interest Disaster Loans Are Key Part of Recovery Assistance**

**MONTGOMERY, AL.** — If you've been affected by Hurricane Katrina, and want to apply for disaster assistance through the Federal Emergency Management Agency (FEMA) – or if you've already started the FEMA application process – there's something important to remember.

That's to be sure to complete the application for a loan from the U.S. Small Business Administration (SBA), if FEMA sends you one – whether you own a business or not.

SBA provides low-interest disaster loans to qualified homeowners, renters, landlords, certain private non-profit organizations and businesses of any size that suffered losses due to the disaster. These loans are designed for those disaster victims who are either uninsured, or not fully covered by insurance.

And, while FEMA housing assistance is not subject to SBA loan requirements, filling out the SBA application is a necessary step to being considered for other forms of disaster assistance. SBA loans are the primary source of long-term recovery assistance.

Interest rates are as low as 2.687 percent for homeowners and renters and 2.9 percent for businesses with terms up to 30 years. Actual loan amounts and terms are determined by the SBA and based on each applicant's financial condition.

An SBA loan is help that's affordable and empowering, explained Ron Sherman, federal coordinating officer for the disaster recovery effort in Alabama.

"Taking on a loan probably isn't the first thing that folks think of when they're recovering from a disaster," Sherman said. "But there are strong advantages to an SBA loan. First, it is tied to the lowest possible interest rate, to make recovery as affordable as possible. Second, an SBA loan puts the homeowner, renter or business owner in the driver's seat. You decide what to do with your money; you set the priorities for how it will be spent."

Additionally, the SBA loan program is self-replenishing. The money that you borrow came from someone else who paid back his or her loan from a past disaster, and when you repay your loan, those dollars will be there in the future to help someone in a future disaster.

So, remember that if you receive an SBA loan application after you register for disaster assistance by calling 800-621-FEMA (3362), (TTY) 800-462-7585, fill it out as completely as possible, and then return it as soon as you can.

The SBA also makes mitigation funds available to many disaster victims who have already been approved for a low-interest disaster loan. SBA funds are intended to help borrowers by offering an increase up to 20 percent of their approved physical loan amount to help pay for mitigation measures.

For more information about how to complete the loan application, or for more information on SBA assistance, call the SBA Helpline at 800-359-2227, or visit [www.sba.gov/disaster](http://www.sba.gov/disaster).

FEMA prepares the nation for all hazards and manages the federal response and recovery efforts following an incident of national significance. FEMA also initiates mitigation activities to reduce the risk of loss in future disasters, trains first responders, works with state and local emergency managers, and manages the National Flood Insurance Program and the U.S. Fire Administration. FEMA became part of the U.S. Department of Homeland Security on March 1, 2003.

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